

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of July 31, 2023

FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPu):	1.083527
Launch Date:	June 26, 2015	Total Fund Net Asset Value (NAV):	Php516.40 million
Minimum Investment :	Php5,000.00	Dealing Day:	Daily up to 12:00nn
Additional Investment:	At least Php1,000.00	Redemption Settlement:	3 banking days from date of notification
Minimum Holding Period:	30 calendar days	Early Redemption Penalty:	1.0% of the amount redeemed

FEES¹

Trustee Fees: 0.0860%	Custodianship Fees: 0.0010%	External Auditor: 0.0012%	Other Fees: None
China Bank – Trust and Asset Management Group	Philippine Depository & Trust Corp.	SGV & Co.	

¹As a percentage of average daily NAV for the month valued at Php524.00 million.

INVESTMENT OBJECTIVE AND STRATEGY

The China Bank High Dividend Equity Fund intends to achieve long-term capital appreciation by investing in a diversified portfolio of choice common and preferred equity issues listed in the Philippine Stock Exchange (PSE) which have a regular dividend payment policy and/or dividend payment track record. Up to 95% of the Fund may be invested in equity issues at any point in time while the balance shall be in tradable fixed-income securities and bank deposits. The Fund aims to outperform its benchmark which is 95% PSE Index (PSEi) + 5% Bloomberg Philippine Sovereign Bond Index Money Market (BPHILMM Index).

CLIENT SUITABILITY

A client profiling process shall be performed prior to participating in the Fund to guide the prospective investor if the Fund is suited to his/her investment objectives and risk tolerance. Before deciding to invest, clients are advised to read the Declaration of Trust, a copy of which is available at the Trustee’s principal office.

The China Bank Equity Fund is suitable only for investors who:

- Have an aggressive risk appetite;
- Are seeking long-term capital appreciation;
- Are willing to accept higher risks involving volatility of returns and possible erosion of principal for potentially better long-term results; and,
- Have an investment horizon of more than one (1) year.

KEY RISKS AND RISK MANAGEMENT

The client should not invest in this Fund if the client does not understand or is not comfortable with the accompanying risks.

- **Interest Rate Risk.** This is the possibility for an investor to experience losses due to changes in interest rates. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.
- **Market/Price Risk.** This is the possibility for an investor to experience losses due to changes in the market price of securities. It is the exposure to the uncertain market value of a portfolio due to price fluctuations. Given that the Fund may be invested up to 95% in equity issues at any point in time, investors are deemed to be more exposed to this risk.
- **Liquidity Risk.** This is the possibility for an investor to experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss. These may be caused by different reasons such as trading in securities with small or few outstanding issues, absence of buyers, limited buy/sell activity or underdeveloped capital market.
- **Credit/Default Risk.** This is the possibility for an investor to experience losses due to a borrower’s failure to pay principal and/or interest in a timely manner on instruments such as bonds, loans or other forms of security which the borrower issued. It also includes risk on a counterparty (a party the Trustee trades with) defaulting on a contract to deliver its obligation either in cash or securities.
- **Reinvestment Risk.** This is the possibility for an investor to have lower returns or earnings when maturing funds or the interest earnings of funds are reinvested.

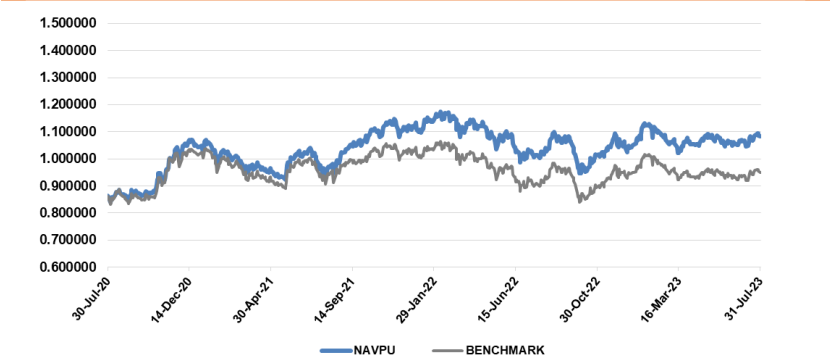
The Trustee only transacts with reputable counterparties and invests in debt securities issued by prime corporate borrowers which have undergone a rigorous accreditation and evaluation process. Internal and regulatory exposure limits are monitored regularly to ensure that exposures are managed. The Fund also employs risk management measures to monitor significant declines in the Fund’s NAVPu and alert the Trustee to review current strategies and take corrective action as necessary. Furthermore, the Fund undergoes an annual review to ensure that it is equipped to fund any redemption requirement in a timely manner and at a reasonable cost during times of financial stress.

- THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.
- THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.
- DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT BE GUARANTEED. HISTORICAL PERFORMANCE, WHEN PRESENTED, IS PURELY FOR REFERENCE PURPOSES AND IS NOT A GUARANTEE OF SIMILAR FUTURE PERFORMANCE.
- ANY LOSSES AND INCOME ARISING FROM MARKET FLUCTUATIONS AND PRICE VOLATILITY OF THE SECURITIES HELD BY THE UITF, EVEN IF INVESTED IN GOVERNMENT SECURITIES, ARE FOR THE ACCOUNT OF THE CLIENT. AS SUCH, THE UNITS OF PARTICIPATION OF THE CLIENT IN THE UITF, WHEN REDEEMED, MAY BE WORTH MORE OR WORTH LESS THAN HIS/HER INITIAL INVESTMENT/CONTRIBUTION.
- THE TRUSTEE IS NOT LIABLE FOR LOSSES UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.
- THE INVESTOR MUST READ THE COMPLETE DETAILS OF THE FUND IN THE UITF’S PLAN, MAKE HIS/HER OWN RISK ASSESSMENT, AND WHEN NECESSARY, SEEK AN INDEPENDENT/PROFESSIONAL OPINION BEFORE MAKING AN INVESTMENT.

FUND PERFORMANCE AND STATISTICS AS OF JULY 31, 2023

(Purely for reference purposes and is not a guarantee of future results)

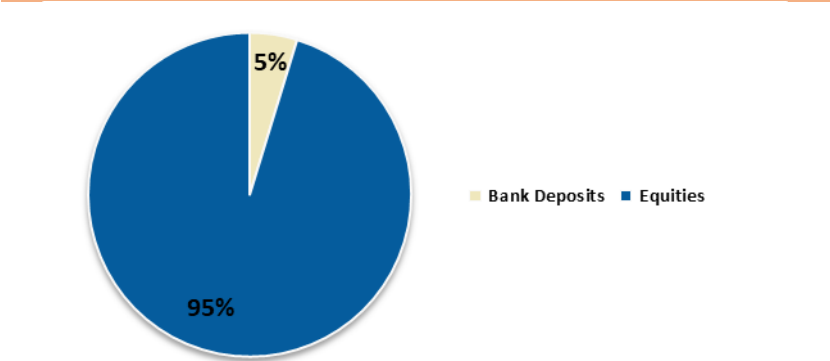
NAVPU GRAPH



CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	1.78%	0.09%	0.46%	6.30%	26.01%
Benchmark	1.84%	-0.42%	-2.73%	4.32%	10.93%

PORTFOLIO COMPOSITION



SECTOR HOLDINGS (%)

Holding	26%
Financial	23%
Industrial	18%
Services	17%
Property	15%
Mining	1%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php8.16 million, which were approved by the Board of Directors/Trust Investment Committee. Likewise, all related parties transactions are conducted on an arm’s length basis.

OUTLOOK AND STRATEGY

The Philippine Stock Exchange Index (PSEi) advanced by 123.40pts or +1.91% in July, to close at 6591.47. Fueling the advance was the 3% US inflation print, which was the lowest reading in over 2 years. While the Federal Reserve did still follow through with a 25bp rate hike later in the month, the market welcomed the narrative that the rate hike cycle may be near its end.

The market rally was broad based, with Financials (+5.06%), Mining and Oil (+4.59%), Property (+3.90%), and Services (+3.07%) posting gains. Meanwhile, Holding Firms (-0.90%) and Industrials (-0.56%) bucked the trend. In terms of individual stock performance, ALI (+12.76%), GLO (+10.92%), MBT (+7.72%), JFC (+6.61%) and ICT (+6.48%) were the top advancers. On the other hand, top decliners were URC (-10.84%), CNVRG (-7.51%), AGI (-7.30%), AP (-6.24%), and WLCON (-5.38%). On the earnings front, 7 out of the 30 index members have disclosed their numbers as of the end of the month. By our count, 2 (AP, MER) were ahead, 4 (AEV, BDO, BPI, PGOLD) were in line, and 1 (WLCON) was behind consensus expectations. AP reported a first half core net income of Php17.8 billion, a +95% increase compared to last year. Its power generation business recorded an EBITDA of Php30.2 billion, a +31% growth, primarily driven by the fresh contributions from GNPowr Dinginin and improved availability. Meanwhile, its distribution business recored an EBITDA of Php6 billion, a +101% growth, due to recoveries in demand from areas affected by typhoon Odette. Similarly, MER posted robust financial performance, with a +47% increase in consolidated core net income, reaching Php19.2 billion. Its distribution business contributed Php11 billion or 57% of the core net income, with higher volume of energy sold driving its growth. Meanwhile, its power generation unit contributed Php6.6 billion, or 34% of core net income, driven by the higher earnings of Pacific light and GBPC. In contrast, WLCON reported a net income of Php1.8 billion, a -2.1% decrease compared to the previous year. According to it’s president and CEO, sales declined due to the the slower foot traffic in old stores, high base from last year due to the economic reopening, and slowdown in construction due to multiple holidays. Moreover, operating expenses increased, primarily driven by expansion related expenses, as the company opened 11 stores since the 3rd quarter of last year. In other news, the

NAVPU OVER THE PAST 12 MONTHS

Highest	1.131690
Lowest	0.946539

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	5.80%
Sharpe Ratio ³	0.41
Information Ratio ⁴	0.88

²Volatility measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time. This is computed by getting the standard deviation of the yearly returns for the past 12 mos.

³Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better. This is computed by dividing the excess return of the fund against the risk-free rate over the fund’s volatility.

⁴Information Ratio measures the reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk. This is computed by dividing the excess return of the fund against the benchmark over the fund’s volatility.

TOP TEN HOLDINGS (%)

SM	9.8%
BDO	9.7%
BPI	7.8%
ICT	7.1%
SMPH	6.1%
TEL	5.9%
MER	5.7%
ALI	5.3%
AC	5.2%
AP	4.3%

consortium of bidders which aims to take MPI private revised their tender offer to Php5.20/share, a +12.3% bump from the initial Php4.63/share offer. Separately, the Philippine Stock Exchange announced the results of the semi-annual review of the PSEi covering the period from July 2022 to June 2023. There will be no changes in terms of index composition, while the weights of BPI, ACEN, and UBP are set to increase to account for their updated free-float levels.

The following month brings in a number of catalysts for the PSEi, particularly on the earnings calendar. Additionally, inflation prints will continue to influence market direction. From a technical perspective, the index now trades above the key 200day moving average, which could act as support. Seasonality however is not supportive, with the month of August historically being weak in terms of market returns.

INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

The Fund may be invested or reinvested in the following:

- (a) Select equity issues covering both common and preferred shares of stock listed in the PSE, which have a regular dividend payment policy and/or track record or regular dividend payments, provided the share of said investments shall not exceed 95% of the portfolio at any given time;
- (b) Evidences of indebtedness issued by or guaranteed by the government of the Republic of the Philippines or the Bangko Sentral ng Pilipinas (BSP) or any of its subdivisions or instrumentalities;
- (c) Tradable fixed-income securities issued by private and public corporations which are listed and traded in an organized exchange or market;
- (d) Cash, bank deposits, tradable money market instruments issued by financial institutions accredited by the Trustee including the Trustee's own commercial banking and treasury units, and collective investment funds managed by the Trustee or other fund managers;
- (e) Financial derivatives instruments solely for the purpose of hedging risk exposures of the existing investments of the Fund, provided that these are accounted for in accordance with existing BSP hedging guidelines as well as the Trustee's risk management and hedging policies duly approved by the Trust Investment Committee and disclosed to participants; and
- (f) Such other tradable financial instruments as may be allowed by the BSP.

OTHER BASIC FUND FACTS

Trust Fee:	1.00% p.a.	Minimum Maintaining Participation:	Php5,000.00
Initial NAVPu:	P1.000000	Redemption Amount:	No minimum amount is imposed provided the minimum maintaining participation is complied with.

IMPORTANT NOTICE

China Banking Corporation (China Bank) may receive customer complaints, inquiries or any concern about its products and services through Customer Contact Center 24/7 Hotline: (+632) 8885-5888 or email: online@chinabank.ph. China Bank is regulated by the BSP with contact number (+632) 8708-7087 and email address: consumeraffairs@bsp.gov.ph.